

MISCELLANEOUS INFORMATION

APPENDIX D

Appendix D is designed for such supplemental information as each holder of the Manual of Trust Examination Policies may from time to time wish to attach.

<p style="text-align: center;">TRUST EXAMINATION CHECKLIST</p>	<p>EXAM DATE</p>
	<p>EXAMINER</p>

INSTRUCTIONS: Use of this Examination Checklist is optional. If completed, it should be submitted with the examination report.

GENERAL: This form is designed to highlight the examination's coverage of the trust department's activities, and is designed to follow the Uniform Interagency Trust Rating System. This Trust Examination Checklist is complemented by use of the Trust Examiner's Workpaper Checklist, which provides more detailed guidance for each question on this Checklist.

Check (X) the N/A column for questions which are not applicable to the specific department.

Check (X) the N/D column for questions which are not determined during the examination.

TRUST EXAMINATION CHECKLIST	Yes	No	N/A	N/D
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10. Is the authority to make discretionary judgments expressly defined and communicated to supervisory personnel? (Trust Manual)
11. Are all appointments and changes in key personnel noted in the minutes?

Does the board of directors or a committee thereof adequately supervise the department?

- 1. Does the committee meet at least once each month or as frequently as the trust activity requires (SPTDM)**
- 2. Does this or other duly appointed committee formally accept each new account? (Trust Manual)**
- 3. Does this or other duly appointed committee formally approve the closing of trust accounts? (Trust Manual)**
- 4. Does this or other duly appointed committee make decisions regarding discretionary distributions, extraordinary expenditures and like matters? (Trust Manual)**
- 5. Does this or other duly appointed committee approve all purchases and sales of assets and retention of investments? (Trust Manual)**
- 6. Are fiduciary accounts reviewed by this or other duly appointed committee at least once in every 12-month period and more often as circumstances may require? (Trust Manual)**
- 7. Does the committee(s) keep full minutes of its actions? (SPTDM)**
- 8. Does the committee make periodic reports to the board of directors of its actions? (SPTDM)**
- 9. Are the regulatory examinations reviewed by the board of directors? (SPTDM)**
- 10. Are audit reports reviewed by the board of directors of its actions ?**
- 11. Is a periodic position of the departmental volume of assets and accounts (liabilities) presented to the board or committee?**

Is competent legal counsel provided?

- 1. Are written legal opinions obtained? (Trust Manual)**
- 2. Is the filing of any litigation related to trust operations noted in committee document and referred to counsel?**

Is liability insurance coverage sufficient?

- 1. Is insurance coverage reviewed by the board or trust committee?**
- 2. Is the extent of fiduciary activities considered in determining the amount of blanket bond coverage?**
- 3. Does the bank carry directors and officers' liability insurance for fiduciary activities?**
- 4. Does the bank carry trust department errors and omissions insurance?**
- 5. If the coverage listed in questions 3 and 4 is carried, is it adequate and does it cover claims involving ERISA?**

[illegible]

N/D

TRUST EXAMINATION CHECKLIST	Yes	No	N/A	N/D
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9. Are register copies of outstanding checks maintained by an employee who does not have duties connected with preparing or approving the entries to accounting records?
10. Are spoiled checks maintained as a permanent record and filed?

Is the safekeeping of trust assets, including vault procedures, dual control and periodic verification adequate?

1. Are assets held under joint custody and segregated from the assets of the bank?
2. Is there a vault ticket system in effect where the flow of securities can be traced?
3. Does the department require the presence of two authorized representatives on the receipt of assets in kind?
4. Upon receipt of assets, is prompt confirmation given to the parties of interest?
5. Are worthless assets identified and maintained under proper control? (Trust Manual)
6. When assets are received in which market value or cost value cannot be do the practice of the department to enter the assets on the records at a nominal value?
7. Is personal property entered on the records at the time received or comes under the control of the department?
8. Is a continuing record maintained showing the location of securities and other assets not hold in the vault?
9. Is there a periodic verification of assets by someone not involved in the maintenance of the records or the assets?
10. If verification is done on a sampling basis, is a sample of adequate size used?

Is the department subject to an adequate audit on a periodic basis?

1. Did the audit include a review of the trust committee minutes? (Trust Manual)
2. Did the audit include asset confirmations? (Trust Manual)
3. Did the audit include spot-checking and tracing of transactions for accuracy and validity? (Trust Manual)
4. Did the audit include a review of commission and fee calculations? (Trust Manual)
5. Did the audit include a review for compliance with local statutes relating to fiduciary activities? (Trust Manual)
6. Did the audit include an administrative review of selected accounts comprised of:
 - (a) Review of trust agreement and court orders?
 - (b) Administrative actions for compliance with governing instruments?

[illegible]

TRUST EXAMINATION CHECKLIST	Yes	No	N/A	N/D
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- (c) Income receipts?
 - (d) Income distributions?
 - (e) Principal invasions or disbursements including approvals therefor?
 - (f) Asset composition and conformity with indenture?
 - (g) Consultation with co-fiduciaries?
 - (h) Approvals by co-fiduciaries?
7. Did the audit review the internal routines and controls?
8. Did the audit include a review of the compliance with the recordkeeping and confirmation requirements for securities transactions? (FDIC Part 344)
9. Did the audit include a review of compliance with applicable securities regulations? (Trust Manual)

ASSET ADMINISTRATION

Are the department's investment policies and practices formulated or approved by the board of directors or appropriate committee?

1. Is there a formalized policy regarding the selection, retention and diversification of trust investments?
2. Do investment transactions receive approval or ratification by a committee?
3. Is co-fiduciary approval of investment transactions obtained?
4. Does the bank maintain an approved list of securities?
5. Is a prompt review of assets made upon acceptance of each account where the department has investment discretion?
6. Does the bank have a stated policy regarding the acquisition, retention, or disposition of companies whose stock is closely held and has limited marketability?
7. Where trust assets include substantial interest in closely held corporations, do the instruments expressly authorize retention or prohibit sale without consent?
8. Does the department have written policies regarding retail repurchase agreements?
9. If the answer to question 8 is yes, does the policy conform to the FDIC's Statement of Policy on the subject? (Trust Manual)
10. Do policies/practices adequately deal with substantial cash balances and overdrafts? (Trust Manual)

Is the department adhering to its investment policies?

1. Is there a review of the assets of each trust account at least once during each period of twelve months? (SPTDM)
2. In connection with investment reviews, does the committee have available and use such data as appraisal reports and investment summaries?

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TRUST EXAMINATION CHECKLIST	Yes	No	N/A	N/D
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- 3. Do investment reviews include a determination that all income was properly received?**

- 4. Are transactions which are exceptions to policies properly documented?**

Does the bank have adequate documentation (including evidence of review) to support the purchase and/or retention of investments?

- 1. Are files maintained for individual security issues?**

2. Where unusual assets are held, is there evidence to support the conformance of such assets with the governing instrument and purposes of the account?

- 3. Have the records required by Part 344 of the Corporation's Rules and Regulations been established?**

- 4. Are the records referred to in question 3 adequately maintained?**

- 5. Is there evidence of compliance with SEC's Rule 240.17f-1, Lost and Stolen Securities Program?**

- 6. If bank is serving as co-fiduciary, is there written evidence of approval for transactions?**

- 7. Are required reports promptly filed regarding beneficial holdings of registered equity securities? (Trust Manual)**

Does the department provide adequate protection for all real and personal properties under its care?

- 1. Does the department maintain adequate property and casualty insurance for all real properties held?**

- 2. Is it the department's policy to reappraise real property on a periodic basis?**

- 3. Is the value of items of personal property established by an independent person with appraisal expertise?**

- 4. Does the department provide a suitable environment for all tangible assets which require special storage?**

ACCOUNT ADMINISTRATION

Are trust personnel generally familiar with the accounts administered?

- 1. Is the administration of each account assigned to a specific individual?**

- 2. Is senior management cognizant of the major problems encountered in the administration of specific accounts?**

- 3. Is there evidence that the board of directors or committee thereof is made aware of all litigation, major complaints, and important administrative matters?**

Do trust files document the proper administration of the account?

1. **Has an administrative file been established for each account which contains (Trust Manual):**

- (a) A legal file?**

[illegible]

TRUST EXAMINATION CHECKLIST	Yes	No	N/A	N/D
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- (b) An account digest or synopsis sheet?
 - (c) A correspondence file which would include necessary approval of fiduciary actions?
 - (d) An investment review file?
 - (e) A securities transaction file?
 - (f) A tax file?
2. Is a routing slip used to ensure appropriate information regarding the account is disseminated to all responsible persons?
3. Is there notation as to the frequency of review of the account by the trust committee?
4. Are reviews conducted with notation of the review in the account file?

Are employee benefit accounts administered in accordance with the provisions of ERISA and other applicable laws, regulations and fiduciary standards?

1. Are the following documents on file:
 - (a) Copy of the plan and the trust agreement?
 - (b) Certified copy of the resolution of the board adopting the plan?
 - (c) Determination letter from the Internal Revenue Service?
 - (d) specimen signatures of persons authorized to give instructions concerning the plan?
2. Are own-bank deposits authorized by the plan? [408(b)(4)]
3. Is the bank discharging its duties solely in the interest of participants and beneficiaries? [404(a)(1)]
4. Is the plan operated for the exclusive purpose of providing benefits and defraying reasonable expenses? [404(a)(1)(A)]
5. Is the care, skill, prudence, and diligence utilized in accordance with the law and applicable regulations? [404(a)(1)(B) and DOL Regulation 2550.404a-1]
6. Is there adequate diversification of investments? [404(a)(1)(C)]
7. Does the bank refrain from dealing with parties in interest? [406(a)]
8. Is the aggregate value of employer securities and real property not more than 10% of each plan's assets, unless otherwise authorized for defined benefit plans? (Section 407)
9. Are loans to participants and beneficiaries within legal restrictions? [Section 408(b)]
10. Is the investment in common trust funds authorized in the plan or by a fiduciary authorized to do so? [408(b)(8)]

Are collective investment funds administered in accordance with applicable laws, regulations, and fiduciary standards?

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TRUST EXAMINATION CHECKLIST	Yes	No	N/A	N/D
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If established pursuant to Revenue Ruling 81-100, are the following requirements satisfied?

- 1. The group trust instrument expressly limits participation to IRA's which are exempt under Section 408(e) of the IRC and employer's pension and profit sharing trusts which are exempt under Section 501(a) of the IRC by qualifying under Section 401(a)?**
- 2. The group trust is itself adopted as part of each IRA or employer's pension or profit sharing plan?**
- 3. The group trust instrument prohibits that part of its corpus or income which equitably belongs to any IRA or employer's trust from being used for or diverted to any purposes other than for the exclusive benefit for the individual or the employees, respectively, or their beneficiaries who are entitled to benefits under such participating IRA or employer's trust?**
- 4. The group trust instrument prohibits assignment by a participating IRA or employer's trust of any part of its equity of interest in the group trust?**
- 5. The group trust is created or organized in the United States and is maintained at all times as a domestic trust in the United States?**

If established under Internal Revenue Code Section 584, are the following requirements of OCC Regulation 9 satisfied?

- 1. Has a copy of the plan been filed with the Comptroller of the Currency? (OCC Section 9.18b-1)**
- 2. Are notices of intention to participate in or withdraw from the funds entered in the fiduciary records in the prescribed manner? (OCC Section 9.18b-4)**
- 3. Are admissions to and withdrawals from the fund effected only as of a valuation date? (OCC Section 9.18b-4)**
- 4. Have regulations been followed concerning availability and/or dissemination of financial reports of funds? (OCC Section 9.18b-5iv)**
- 5. Does the bank comply with regulatory restrictions governing advertising and solicitation regarding common trust funds? (OCC Section 9.18b-5v)**
- 6. Have the requirements been met regarding audits of common trust funds? (OCC Section 9.18b-5i)**
- 7. Are regulations complied with regarding periodic valuations of funds? (OCC Section 9.18b-4)**
- 8. Do interests of each fund by a single account or related accounts conform to limitations prescribed by regulations and governing instruments? (OCC Section 9.18b-9i)**
- 9. Are investments of funds in securities in one entity within limitations prescribed? (OCC Section 9.18b-9ii)**
- 10. If an interest in a fund is acquired by the bank, is it eliminated at the next opening of the fund? (OCC Section 9.18b-8i)**
- 11. Are participants' interests in funds excluded from any assignment of an account as security for a loan by the bank? (OCC Section 9.18b-8i)**

N/D

1. Are an original or certified copy of the plan and revisions, if any, on file for each fund?
2. Are all assets in possession of and under the exclusive control of the trust department?
3. Is there a policy in effect regarding the type and size of accounts admitted to the funds?
4. Where required, have co-fiduciaries consented to investment in the funds?
5. If there is a requirement for periodic court accountings for the collective investment funds, have such requirements been complied with?
6. If state law establishes rules for the operation of the funds, has the appropriate law been complied with?
7. If an investment by a fund is nonconforming under investment authority of an account, is the account denied admission to the fund?
8. Where, because of jurisdiction or situs, an account is subject to the laws of another state, is consideration given to this in determining eligibility of the account for admission to the fund?
9. Are adequate general ledger controls and subsidiary accounting records maintained for funds?
10. Is it the bank's policy to prohibit funds from acquiring or holding securities of companies in which any bank director, officer, employee, or inside person is significantly interested?
11. Is it the bank's policy to prohibit funds acquiring assets from or selling assets to any affiliate of the bank or any director, officer, employee, or inside person?
12. Are fees and expenses collected by the bank from the funds only those authorized by the plan?
13. Is there a formalized procedure in effect for voting proxies of stocks held in collective investment funds?

1. Is the original indenture or a properly authenticated copy thereof on file for each account?
2. Do docket sheets or other synoptic records provide a digest for the indenture and other facts essential to the proper administration of accounts?
3. Do departmental ledgers account properly for authorized issues, outstanding liability on issues, bond inventories, and bond cremations?
4. Are there control accounts and adequate subsidiary ledgers for investments and uninvested cash?
5. Where applicable, is there on file evidence of compliance with the terms of the governing indentures for:

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TRUST EXAMINATION CHECKLIST	Yes	No	N/A	N/D
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(a) Inspection certificates?				
(b) Insurance coverage?				
(c) Certificates of no default?				
6. Are investments held by corporate trust accounts conforming under the terms of the governing instruments?				
7. Has the trustee complied with the terms of the indenture and/or the Trust Indenture Act where any default has occurred?				
8. If applicable, have the notices required by the Trust Indenture Act been given?				
9. Is there adequate control over dormant funds and checks returned undelivered?				
10. Is there a procedure in effect for ensuring the prompt investment of available funds where the terms of the indenture gives investment discretion to the trustee?				
11. Are unissued bonds and/or stock certificates maintained under dual control in the case of the department acting as transfer agent or trustee?				
12. Are adequate ticklers or other records maintained with respect to matters of periodic performance required of both the obligor corporation, and the bank?				
13. Are periodic financial statements being obtained when this is required by terms of the trust indenture?				
14. Have substitutions of collateral, where made, conformed to the terms of the governing instrument?				
15. Is there a procedure in effect to determine on a continuing basis if any obligors on issues for which the bank acts as trustee are indebted to the commercial department of the bank?				
16. Are coupon payment accounts, interest accounts, and dividend accounts reconciled periodically by employees not assigned to payment or bookkeeping function?				
17. Are stop payment orders handled properly?				
18. Are overages, shortages, losses, recoveries, and suspense items reflected promptly in accounts specifically set up to record and control them?				
Are personal trusts administered in accordance with applicable laws, regulations, and fiduciary standards?				
1. Does the department obtain original or authenticated copies of the appointment, including court orders and inventories?				
2. Before accepting appointment as successor fiduciary, are the acts of the predecessor fiduciary fully reviewed?				
3. Does the department utilize a checklist to ensure all data required to establish an account is obtained?				
4. Does the bank utilize docket or synopsis sheets?				

TRUST EXAMINATION CHECKLIST	Yes	No	N/A	N/D
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5. Does the bank properly allocate cash to income or principal?
6. Does the bank receive timely, written authorization from co-fiduciaries or others whose approval or direction may be required?
7. Does the bank file timely accountings with appropriate parties?
8. Are estates settled in a reasonable length of time?
9. Does the bank have policies which cover the voting of proxies for stocks held in accounts?
10. Is there proper control and accounting for account liabilities?
11. Are invasions of principal within the restrictions of the governing instrument?
12. If bank acts as co-fiduciary with an individual, does it supervise the accounting and management of the account?

CONFLICTS OF INTEREST

Do the bank's policies and practices adequately prevent the abuse of own bank deposit relationships?

1. Are there adequate policies and procedures designed to minimize deposits in own institution?
2. If investments are made in own bank deposits, is an adequate rate of interest received by the account?
3. If by state law, deposits with self are limited, is the bank in compliance with such statute?
4. Does the bank comply with state escheat laws?

Are the department's policies and practices relating to the acquisition, retention, and voting of own bank, parent company, and affiliate obligations adequate?

- 1. Is the bank's policy not to purchase own bank or affiliate securities for accounts?**
- 2. Is it the bank's policy to liquidate own bank stock and affiliate securities if they are received in kind?**
- 3. Does the bank comply with state statutes regarding retention of own bank stock or affiliate securities held in trust accounts?**
- 4. Does the bank have a formal policy regarding the voting of own bank stock or affiliate securities?**
- 5. Does the bank's policy referred to in question 4 comply with applicable statutes and regulations?**
- 6. If the bank has sole discretion over retention of own bank and affiliate securities, is the return on such securities to the beneficiary's account adequate?**
- 7. Are required reports promptly filed regarding beneficial holdings for bank's own or parent company's registered equity securities with the appropriate authority? (Trust Manual)**

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N/D

TRUST EXAMINATION CHECKLIST	Yes	No	N/A	N/D
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EARNINGS

Does the bank budget trust department revenues and expenses?

- 1. Does senior management of the bank establish expectations for the trust department to be profitable?**
- 2. Does senior bank management periodically review the operating performance of the trust department?**

Does the board of directors review the profitability of the trust department?

1. Is a profit and loss statement for the department presented to the directorate?
2. Are variations from the department's budget presented to the board of directors?

Does the department periodically review sources of income?

1. **Has the bank/department established a fee schedule or other formal policy for pricing department services?**
2. **Does management periodically review the fee schedule or policy?**
3. **Are discounts from the bank's fees approved and reviewed periodically by the trust committee?**
4. **Does the bank have a policy concerning employees serving as independent fiduciaries or co-fiduciaries with the bank for a fee?**

Does the department periodically review expenses?

1. Does the bank allocate overhead expense to the trust department?
2. Does the bank maintain expense accounts for direct expenses of the department?
3. Does the bank periodically compare actual expenses to the cost of obtaining services from an outside servicer?

[illegible]